McINTYRE
ELDER LAW

5 Tips to Protect Your Savings from the Nursing Home

When it comes to long-term care, North Carolina seniors face a tough reality. Statistically, 7 out of 10 people will need long-term care. Nursing home and assisted living facilities expenses are substantial and increase annually.

In North Carolina, the average monthly cost is $7,300 for a semi-private room in a nursing home facility and $8,060 for a private room. With most stays averaging three years, that is nearly $400,000! It's easy to see how that can wipe out even the most diligent saver's nest egg in no time at all.

Most families don't know that programs exist in North Carolina to help pay for an aging loved one's care.

Medicaid is a government-sponsored program for seniors. In North Carolina, Medicaid covers a number of needs for seniors, including care in nursing homes and assisted living facilities, home health care, and day programs.

Unfortunately, the application process is confusing and overwhelming. It's easy to for families to make mistakes during the application process. Any misstep will result in a denial and your loved one from receiving crucial Medicaid benefits.

At McIntyre Elder Law, we help seniors who are facing a nursing home stay and protect their life savings. We work together to not only qualify for Medicaid but to maximize benefits and protect as many hard-earned assets for families as possible.

1. Don’t give anything away.

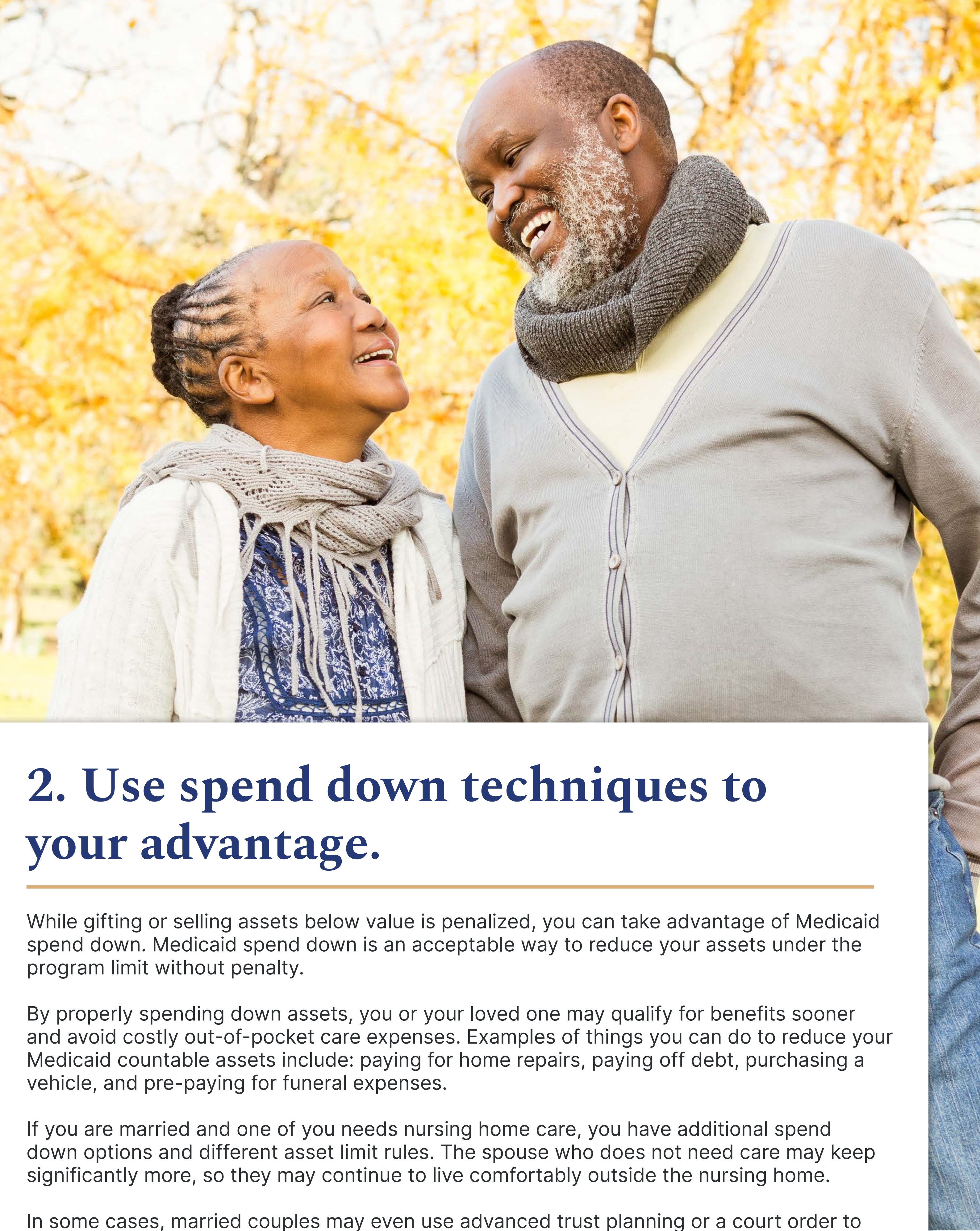
When the time comes for nursing home care, you’ll want to apply for Medicaid benefits as soon as possible. But caution: Medicaid has strict rules about asset limits and giving assets away.

After looking at the Medicaid rules, many families believe they should simply gift, give away, or sell assets to qualify for coverage, but that is a mistake. Selling or giving away assets can set you up for penalties and delays.

When you apply for benefits, you must disclose all assets, including gifts, sales and transfers. The Medicaid office will review all asset transfers from the previous five years. This is called the look-back period.

If Medicaid finds that you made large gifts, gave away assets, or sold property below fair market value in the last five years, a penalty is imposed.

During the penalty period, you cannot receive Medicaid coverage. Losing eligibility for Medicaid, even temporarily, can result in someone quickly becoming overwhelmed with the cost of care.



2. Use spend down techniques to your advantage.

While gifting or selling assets below value is penalized, you can take advantage of Medicaid spend down. Medicaid spend down is an acceptable way to reduce your assets under the program limit without penalty.

By properly spending down assets, you or your loved one may qualify for benefits sooner and avoid costly out-of-pocket care expenses. Examples of things you can do to reduce your Medicaid countable assets include: paying for home repairs, paying off debt, purchasing a vehicle, and pre-paying for funeral expenses.

If you are married and one of you needs nursing home care, you have additional spend down options and different asset limit rules. The spouse who does not need care may keep significantly more, so they may continue to live comfortably outside the nursing home.

In some cases, married couples may even use advanced trust planning or a court order to hold additional assets above and beyond the Medicaid limit.

3. Apply for benefits at the right time.

Some seniors wait too long to apply for Medicaid coverage. You may be waiting because you believe you won't qualify while your assets are valued higher than the limit.

Unfortunately, every month you privately pay for care may cost thousands of dollars that could otherwise be protected. By using Medicaid spend down tools and other legal strategies, it's possible to keep a much higher amount of assets and qualify for Medicaid benefits earlier.

For married couples, if you wait until you've spent your entire savings on nursing home care, there will be nothing left to provide for your spouse. There are exceptions to the asset limits, but it's critical that you or your family apply for Medicaid at the right time to avoid this costly mistake.

The best way to know if it's the right time to apply for benefits and to create a plan is to contact an experienced elder law attorney who can walk you through the entire application process.

4. Pay attention to detail when completing the application.

Applying for and getting approved for Medicaid benefits is a complex, difficult and time-consuming process for the applicant. Every single income source and individual asset must be accounted for, accurately valued, and correctly categorized.

Filling out the Medicaid application requires close attention to detail and extensive verification documents. Inaccurate or incomplete applications are sent back to be redone or simply rejected. This slows down the process, and denials are costly and stressful.

Many seniors mistakenly believe they will automatically receive Medicaid coverage after applying. Often, additional information is needed before a decision will be made on your application. Medicaid has strict deadlines, and an application can easily fall through the cracks if you fail to follow up. Again failure to follow up can create costly delays and denials.

The best way to receive benefits the first time you apply and to protect your life savings is by working with an elder law attorney who knows exactly what the Medicaid application requires for timely approval the first time around.

5. Don’t sell your home right away.

Many people rush to sell their home to pay for needed long-term care. This is almost always a mistake. When it comes to Medicaid, the value of your home is an exception to the Medicaid asset rule. That means they do not count your home’s value! However if your home is sold, those cash proceeds are counted and now must be spent down..

People also fear that after the Medicaid recipient dies, Medicaid will force the home to be sold and the proceeds paid back to the state. This is called Estate Recovery. However, there are legal tools that can circumvent this process as long as steps are taken before you apply for Medicaid.

An elder law attorney can help you navigate Medicaid’s complex real property rules and create a plan that will allow you or your family to keep your home, even if you are in the nursing home and not living in it. With proper planning, even estate recovery may be avoided.

Don't do this alone. Let us help you.

As you or your loved ones age, long-term care is inevitable for many. Medicaid is an essential resource available to anyone who qualifies in North Carolina and across the United States.

Unfortunately, getting coverage is not a straightforward process. There are many myths and misconceptions about long-term care Medicaid benefits. The application for benefits is tedious and confusing! The Medicaid rules are complex and frequently change.

The good news is, you don't have to do it on your own. You can avoid costly mistakes, errors, and delays. You can maximize your benefits and protect your precious savings and home.

At McIntyre Elder Law, we help seniors and their families to protect their savings from the nursing home and help them plan and qualify for Medicaid benefits. We can help you too.

Call us today:

(888) 999-6600

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Free consultation

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